

COMMISSIONERS PROCEEDINGS
DECEMBER 16, 2003
CLARK COUNTY, WASHINGTON

The Board convened in the Commissioners' Hearing Room, 6th Floor, Public Service Center, 1300 Franklin Street, Vancouver, Washington. Commissioners Morris, Stanton, and Pridemore, Chair, present.

PRESENTATION – SALMON CREEK WASTE WATER TREATMENT PLANT EPA AWARD

Pete Capell, Director of Public Works, explained that the award had already been presented on December 4, 2003 by the EPA; however, he wanted to introduce Treatment Plant staff to the Board and recognize them for their excellent work. Kay Hust, Manager of the Treatment Plant; Monte Bloemke, Dmitriy Bashkatov, Jon Collie, Tim Scott, Greg Hanson, and Charlie Masco were present for introductions.

PLEDGE OF ALLEGIANCE

The Commissioners conducted the Flag Salute.

PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

There being no public comment, **MOVED** by Stanton to approve items 1 through 17. Commissioners Pridemore, Morris, and Stanton voted aye. Motion carried. (See Tape 65)

PUBLIC MEETING: PUBLIC FACILITIES DISTRICT

Held a public meeting to consider approving Clark County Public Facilities District proposals to enter into an interlocal agreement and a payment agreement for the financing of the Vancouver Conference Center.

Bronson Potter, Prosecuting Attorney's Office, presented. He referenced the staff report before the Board and noted that there was a newly corrected staff report in which item #2 was changed. He then referred to the resolution, section 3, which was changed to include language with respect to the Fairgrounds project indicating the intention to enter into an interlocal agreement with the County PFD relating to the development of the Fairgrounds project. He explained that they wanted to have the language in place since PFD revenues are being received and expended on that project. Potter talked about the proposal relating to the Fairgrounds project for the site preparation/demolition and negotiation of a general contractor/construction manager contract. He stated that as required by the interlocal between the County and the County PFD, it was necessary to come before the Board for concurrence. Potter then explained the arrangement between the County PFD and the City entities. He stated that the

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County PFD has imposed a sales tax credit, which directs a portion of the sales tax that would otherwise go to the state to go to the County PFD. He said that 97% of that revenue would be flowed from the County PFD to the City PFD, or as the City PFD directs. Potter explained that the revenue has a cap on it and the amount over the cap would be paid by the bond trustee back to the County PFD. He said the cap is calculated and set out in an appendix to the agreement (a table showing dollar amounts). He further explained. He said to the extent that those revenues exceed the amounts set out in the table, they would be paid to the County PFD for the establishment of the Fairgrounds project. Potter said there are a number of reserves, but essentially the lodging tax, City PFD, and County PFD tax revenues are combined and the operating income from the conference center and hotel are combined and the trustee is directed to make payments in certain order. He further explained. Potter stated that there would most likely be a carry forward balance and that the carry forward amount would be re-paid to the County PFD with interest, and the interest rate would be the same as the bond rate that the City issues. The surplus revenue provisions in the interlocal agreement provide that once the bonds are paid off, the County PFD will get the balances of three of the reserve funds that have been created and 70% of the surplus revenue will be paid to the County PFD, up to 25% of the carry forward amount.

Stanton referred to the initial draft of the agreements and the final draft the Board had just received, and asked if anything had changed besides filling in the numbers in Appendix A.

Potter said no and explained that those numbers have been static for some time. He said the changes were simply formatting corrections and dates were added where there had been blanks.

Hugh Spitzer, Foster Pepper & Shefelman, stated that the transaction was a very complicated one and that they focused mainly on the parts that make a difference to the County PFD and the County. Spitzer said they have mainly been looking at the provisions to insure that if there are excess or surplus revenues, the money comes back and in both cases could be used for the Fairgrounds project. Spitzer added that they have been trying to keep the County and County PFD's liability and responsibilities down so that essentially what's happening is that the County and County PFD are pledging the larger part of the County PFD's sales and use tax revenues to this project – basically, that's what the involvement is.

Pridemore asked Mr. Spitzer if there was anything that the County was putting up on the project besides the sales tax credit.

Spitzer said no. He explained that the County's only liability would be if the Fairgrounds project was somehow improperly managed in such a way that there was an attachment of the County PFD's sales and use tax revenue. He said the County would be responsible for any negligence, although unlikely.

Mayor Royce Pollard, City of Vancouver, thanked the Board, as well as County and City staff for their collaborative effort on the project. Mayor Pollard stated that what is good for the County is good for

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the City of Vancouver and vice versa. He said he believed that the conference and exposition centers would bring about significant economic and community benefits, expand tourism, and add to the quality of life in the region. He asked for the Board's support and approval in moving forward.

Bridget Schwarz, 2110 NW 179th Street, Ridgefield, spoke on behalf of the Fairgrounds Neighborhood Association, stating that since the announcement of the PFD, they have demonstrated widespread community support for the use of the funds for redevelopment of the fairgrounds. She said, however, that they didn't necessarily think that the agreement would address the community's desire as far as how they want the PFD funds to be spent.

Commissioner Pridemore closed public comment.

Morris requested a delay in a vote until the possibility of a tourist promotion area (TPA) has been furthered explored and the Board has implemented the potential revenue stream that would come from that TPA. She stated that she could not support the project until that time. *Morris* said her reasons were related to timing; the potential impact of the agreement on their ability to proceed at the Fairgrounds; the ramifications to their general fund; and the complexity, language, and specific requirements in both the interlocal and payment agreements. She said that this was a loan from the County to the City PFD and that once it was completed their obligation would be to write checks – that was their only obligation. She said the complexity of the numerous funds was so opaque that no one, unless they were a financial expert, would be able to figure it out. She further explained. *Morris* said it was not a good investment and they were not protecting their financial integrity through the two documents. She said that in the end the City of Vancouver not only recoups and makes a profit from its cash investments through their City PFD and hotel/motel taxes, but they also have full title to a \$66 million asset – the county doesn't. *Morris* stated that the resolution before them presents the project as though it is a joint venture in which they each have reciprocal and somewhat equal benefits. In the document itself, however, the only commitment the City of Vancouver makes for its PFD to help at the Fairgrounds is in case they don't comply with the requirements of the law to start by January 1st. She said they are already knocking down buildings so it was a given that they would not have an obligation to assist with their PFD money to the County Fairground's project. She said in looking at the elements of the documents, particularly the payment agreement, Section 7, they are giving a lien to the City PFD on the county sales tax portion of the money. She said the reciprocal agreement wasn't there and, in fact, the county is specifically prohibited from any recourse under any circumstances, should the center default. *Morris* then referenced page 9, Section 3.04 – No Set-Off, where the language reads, "No set-off counterclaim reduction or diminution of any kind or any defense of any kind or nature, which the County PFD has or may have against the City PFD, the City, the Authority, or the Trustee, shall be available hereunder to the County PFD against the City PFD, the City, the Authority, or the Trustee." She said it is not equitable and she could not support that kind of agreement. *Morris* then spoke about the Fairgrounds project. She said there was a proposition on the table before hoteliers regarding a Tourism Promotion Area (TPA), which would allow for the assessment of a \$2 per night charge on rooms for certain hotels over a certain size. She said that was expected to bring in a good supply of money and if it happens,

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they have at least had informal verbal commitments from City leadership that they would be willing to give them a guarantee against any potential shortfall at the Fairgrounds of up to \$250,000. She said that if the TPA were in place it would be an entirely different circumstance, but it is not. She said the two documents should be moving concurrently instead of consecutively. Morris reiterated that she felt they needed to wait until the TPA is in place, and said that if the documents could be moved simultaneously and some adjustments to the language could be made, she would then agree to it. The language now treats the county as they are the “weak partner” in this matter.

Stanton said that she appreciated the fact that Commissioner Morris had looked at the matter so closely and was glad to hear her express that it was a good thing for the City of Vancouver. She added that the County PFD had done a great deal of work and she felt it was a good thing for the City of Vancouver, as well as the region. She said she felt that “weak partner” was strong language and that in this case she was pleased with the position that the County is in; that she really didn’t want the County to have a closer tie than what they already have. Stanton said that this has been negotiated as a loan and when they started out on the project, it was the City of Vancouver who went to the legislature to get the funding allocated for the project. She said there has been discussion regarding a convention center in downtown Vancouver for a very long time, and that when they formed their PFD that was the main thing she had in mind. She said the opportunity to provide for some redevelopment at the Fairgrounds was an added plus and that in reading the agreements, what they have come up with is a “win-win” situation for both the City and County to see projects that are good for the community overall and actually complement one another as they move forward. Stanton said she appreciated the County PFD’s work and how they looked at the issue inside/out. She stated that she couldn’t support a delay and that the issue of a TPA would come with their discussion about the financing of the Fairgrounds. She said she has had many discussions with individuals in the community and feels that they have a good approach overall to see that both projects are constructed and successful in their operation.

Pridemore expressed his agreement with Commissioner Stanton. He said that it was worth noting the history going back about 18 months when the issue was first broached about the County potentially creating a PFD to support the convention center. At that time, there was no discussion about any payback to the County, and the Commissioners had looked at it as an opportunity for the County to step in and support the City project. Staff then came back with an idea for how the County could get their share back. What followed were several months of negotiations in which the County continued to raise the bar to the City and ask for more back for their investment and risk in the project. He added his complements to the County PFD for their work and said that it has turned out to be a win for the City of Vancouver in terms that they get their project, and that the County, over time, will receive more than its original investment in the project. He said it is a better deal for the City than it is for the County, but that doesn’t mean it’s a bad deal for the County. Pridemore reiterated that he felt it was a win-win situation for the City and the County and worth moving ahead with.

MOVED by Stanton to approve Resolution 2003-12-19. Commissioners Pridemore and Stanton voted aye. Commissioner Morris voted nay. Motion carried. (See Tape 65)

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PUBLIC HEARING: COMPREHENSIVE PLAN

Held a public hearing to consider the Update of the Clark County Comprehensive Plan.

This hearing was continued from December 9, 2003.

[Transcribed by Rider & Associates – Tapes 66 & 68 used]

The Board of County Commissioners' adjourned and convened as the Board of Health.

PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

There being no public comment, **MOVED** by Stanton to approve items 1 through 3. Commissioners Pridemore, Morris, and Stanton voted aye. Motion carried. (See Tape 67)

Adjourned

2 p.m. Bid Openings

Present at the Bid Openings:

Louise Richards, Clerk of the Board; Mike Westerman, General Services; and Allyson Anderson, General Services

BID OPENING 2354

Held a public hearing for Bid Opening 2354 – Annual Janitorial Supplies. Mike Westerman, General Services, opened and read bids. Westerman said it was their intention to award Bid 2354 on January 6, 2004, at 10:00 a.m., in the Commissioners' hearing room of the Clark County Public Service Center, 6th Floor. (See Tape 67)

BID OPENING 2353

Held a public hearing for Bid Opening 2353 – NE 149th Street, Public Works' Rock Storage Facility. Mike Westerman, General Services, stated that per addendum #4 this bid had been postponed until January 20, 2004, at 10:00 a.m., in the Commissioners' hearing room of the Clark County Public Service Center, 6th Floor. (See Tape 67)

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BOARD OF COUNTY COMMISSIONERS

Craig A. Pridemore/s/
Craig A. Pridemore, Chair

Betty Sue Morris/s/
Betty Sue Morris, Commissioner

Judie Stanton, Commissioner

ATTEST:

Louise Richards/s/
Clerk of the Board

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